



JACK DOYLE

MONROE COUNTY EXECUTIVE

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DOYLE ANNOUNCES COST SAVING MEASURES

Reduced Revenues Require Preemptive Cost Avoidance Measures to Solidify County Finances and Avert Property Tax Increases

County Executive Jack Doyle today announced measures to solidify Monroe County's continued fiscal health. Reduced sales tax revenues and other fiscal pressures require positive, preemptive action to avoid property tax increases or budget deficits.

"People throughout the community are concerned about their jobs and livelihoods and I want all of our area residents to know that property tax increases are off the table in Monroe County," said Doyle. "The recent economic downturn affects all Americans and the September 11th attacks on our state and nation have clearly delayed our recovery and adversely impacted revenues at every level of government. I remain committed to Monroe County's taxpayers through stable property taxes and am working every day to find areas for greater efficiency in county government."

Doyle administration officials expect that final sales tax receipts for 2001 will reflect a shortfall of \$4.5 million (3%) from budgeted amounts. The 2002 Monroe County Budget called for a modest 2.9% increase in sales tax revenue and the continued economic slowdown has raised concerns that this projection may not be realized.

In addition to reduced sales tax revenue, other factors continue to stress the county's fiscal health. The county's Medicaid caseload, with corresponding costs, increased by approximately 4,500 cases last year and the progression of federal welfare reform will cost the county an additional \$2 million this year as welfare recipients in the Home Relief program are mandated to transition into the state and county funded Safety Net program.

Employee and retiree health insurance costs have nearly doubled over the past four years (increasing from \$21 million to \$37 million) and are expected to continue rising at a similarly hyper-inflationary pace. In addition, State Comptroller Carl McCall is expected to mandate an increase in the county's employee pension contributions due to poor returns from that system's investment management - resulting in potential additional costs of \$1 million in 2002.

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Mandated increases in staffing related to the opening of the new Monroe County Jail will cost \$5-7 million in 2002. Union wage increases of 2.5% to 3% will cost the County an additional \$6 million.

Doyle Initiates Cost Saving Measures

In anticipation of a continued reduction in sales tax revenues and other budgetary pressures, the County Executive has already implemented a number of cost avoidance measures. As previously announced, Doyle has frozen all county department head salaries at 2001 levels and instituted an across-the-board hiring freeze countywide. (Critical public safety and public health positions will not be affected by the county's announced hiring freeze.)

Accounts for travel expenses and employee mileage reimbursements have been reduced from 2001 levels and all travel must be justified and submitted for approval to the Deputy County Executive. Travel expenses were reduced by \$214,000 (37%) and employee mileage reimbursement was reduced by \$67,000 (13%) in 2002.

Doyle has also announced changes to the county Capital Improvement Program (CIP) that will remove funding for non-essential projects. The proposed 2003-2008 CIP will avoid \$21.3 million in borrowing over the next 2 years and defer a total of \$41.6 million through 2006.

Doyle has frozen departmental budgets for non-mandated services at 2001 levels and in September of last year he restricted expenditures for equipment and directed department heads to seek areas for additional cuts. In January, agencies and organizations receiving county funding tied to state or federal revenues were notified that reductions in funding to the county might result in corresponding program cuts.

The Monroe County Health Department and Department of Environmental Services labs were recently consolidated to save taxpayers an estimated \$200,000 in 2002 with increased savings in future years. In addition, many pharmaceutical purchases have been consolidated and are now filled through the county-run pharmacy at Monroe Community Hospital (MCH).

Through the administration's renegotiation of telecommunications contracts with Frontier, approximately \$1 million in savings will be realized in 2002 and a review of all cellular phone accounts is underway to seek additional savings. The renegotiation of an existing contract between MCH and the University of Rochester has also resulted in a yearly cost-savings of \$200,000.

All county fleet operations (Sheriff's Department, County Fleet, Environmental Services, Airport, Parks, Transportation and small equipment maintenance and repair) have been consolidated saving \$200,000 annually. As part of this reorganization, existing specialty equipment (excavators, etc.) has been pooled and is projected to result in a \$500,000 to \$700,000 cost-avoidance. Future equipment and vehicle purchases or leases will require extensive justification.

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“As municipalities across the state grapple with fiscal issues in different ways, I am convinced that the only responsible course for our community is to take positive steps now to avoid fiscal crisis as the year progresses,” said Doyle. “Monroe County’s taxpayers cannot afford to sit back now only to face future deficits. The painful lessons of the city school district have shown that positive fiscal action today will avoid even more painful reactionary measures later.”

In another cost-saving move, Monroe County is accepting proposals from qualified firms to perform an analysis of its current health insurance program and to make a recommendation regarding a self-funded health coverage benefit for its employees and retirees. Initial analysis shows the potential for savings between \$1 million to \$5 million.

An energy audit of all county facilities is underway to identify opportunities for energy expense savings. Also, the Greater Rochester International Airport is in the process of installing an electric co-generation plant to reduce energy and H/VAC costs at that facility – once the plant is online the county expects to realize annual savings of nearly \$500,000.

A major review of the Department of Social Services and the Health Department is also underway to review organizational structures, identify areas for efficiency and opportunities for consolidation within and between these departments. As part of this major effort, the possibility of outsourcing service provision functions within these departments is also under consideration.

The operations of the Departments of Finance, Human Resources and Information Services will each be streamlined during 2002 to achieve efficiencies by bringing staff back from assignments throughout the county and into central locations – avoiding the need to fill vacancies or add staff in these areas.

Monroe County Tobacco Asset Securitization continues to provide budgetary relief through debt reduction. Approximately, \$22.9 million has been saved during 2002 with an additional \$19.5 million project budgetary savings in 2003 by using the proceeds to pay existing debt and to fund a portion of the cost of additional capital projects. Funds applied to the jail expansion project alone are estimated to save \$3.3 million each year for the next 20 years.

Additionally, the privatization of the Mill Seat Landfill has provided funds to apply towards the payment of existing debt related to the Landfill. It has also eliminated the need for the county to issue any additional debt related to the construction of future phases of the landfill.

The county administration is initiating conversations with union officials to discuss continued fiscal pressures and their implications for the county workforce. Reductions in force are not being proposed at this time, however, budgetary challenges may require future consideration in this area. Currently Monroe County is carrying an employment vacancy factor of 5.5% the resulting savings of which is yet undetermined. 78 vacant positions were permanently abolished saving close to \$3 million. The county is also evaluating potential early retirement programs.

“September 11th was a previously unthinkable event that has held equally unthinkable consequences for local revenue streams,” said Doyle. “When faced with difficult decisions like reducing day care slots, I feel it is necessary and appropriate to institute other fiscally responsible measures to keep faith with the hard-working taxpayers of this community.”

Doyle also announced that he will be instructing all county departments to freeze discretionary, non-mandated spending at 2001 levels in their 2003 budget preparations. Additionally, he will ask that each department prepare 10%, 15% and 20% spending reduction scenarios as part of that process.

“Every taxpayer knows that they cannot spend dollars they don’t have when they deal with their own home budgets and pay their own household bills,” added Doyle. “County government must play by the same rules as those who ultimately pay to fund it.”

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Monroe County Cost-Saving Initiatives

<i>Action</i>	<i>Savings/Projected Savings</i>
<i>Reduce Employee Travel Expenses by 37%</i>	<i>\$214,000 in FY 2002</i>
<i>Reduce Employee Mileage Reimbursement by 13%</i>	<i>\$67,000 in FY 2002</i>
<i>Consolidate MCHD and DES Labs</i>	<i>\$200,000 in FY 2002 and additional savings in future years due to technological efficiencies</i>
<i>Renegotiated Telecommunications Contracts</i>	<i>\$1,000,000 in FY 2002 and investigating potential for additional savings on cell phone contracts</i>
<i>Freeze Department Head Salaries</i>	<i>\$80,000 in FY 2002</i>
<i>Abolish 78 vacant positions</i>	<i>\$3 million in FY 2002</i>
<i>Consolidate Fleet Operations</i>	<i>\$200,000 in FY 2002</i>
<i>Adjustments to CIP</i>	<i>Defers \$21.3 million in borrowing over the next two years; \$41.6 million through 2006</i>
<i>Tobacco Securitization</i>	<i>Projected budget savings of \$22.9 million in 2002, \$19.5 million in 2003 and total of \$131 million in savings through 2007</i>
<i>Privatization of the Mill Street Landfill</i>	<i>Provides funds to pay existing debt, eliminates need to issue additional debt for future phases of landfill</i>
<i>Self-Fund Health Coverage Benefits</i>	<i>Between \$1 million and \$5 million</i>
<i>Centralizing Finance, HR and IS operations</i>	<i>Between \$2 million and \$3 million</i>
<i>Pool Specialty Equipment</i>	<i>\$500,000 to \$700,000</i>
<i>Renegotiation of existing contract between Monroe Community Hospital and U of R</i>	<i>\$200,000</i>
<i>Consolidation of many pharmaceutical purchases through county-run pharmacy at Monroe Community Hospital</i>	<i>To be determined</i>
<i>Freeze discretionary, non-mandated spending at FY 2001 levels for FY 2003</i>	<i>To be determined</i>
<i>County Wide Hiring Freeze for non-health/safety positions</i>	<i>To be determined</i>
<i>Early Retirement Plan - Waiting for state to announce details</i>	<i>To be determined</i>
<i>Energy Audits underway to determine opportunities for energy savings</i>	<i>To be determined</i>
<i>Review of DSS and Health Department organizational structures to identify areas for consolidation and efficiency</i>	<i>To be determined</i>
<i>Create County Grants Office to identify grant opportunities and manage grant proposals to limit county funding exposure</i>	<i>To be determined</i>